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STRATEGIES FOR AGRICULTURE AND RURAL DEVELOPMENT IN PAPUA NEW GUINEA

**PROCEEDINGS OF THE NATIONAL CONSULTATIVE WORKSHOP ON
AGRICULTURE AND RURAL DEVELOPMENT:
ISSUES AND STRATEGIES**

Volume I

**Organized by
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STRATEGIES FOR AGRICULTURE AND RURAL DEVELOPMENT IN PAPUA NEW GUINEA

EXECUTIVE SUMMARY

Papua New Guinea is at the crossroads in deciding on long-term strategies for economic growth, wealth distribution and social development. Rural development is seen as the most important means to achieve these goals. Agriculture remains the mainstay for any meaningful and sustainable development benefiting the 85 percent of the people of PNG who are rural based and making a living from the land.

The natural endowments of PNG give it comparative advantage as it is rich in non-renewable resources - minerals, oil and gas - and renewable resources - land, environment, biodiversity, forests and fisheries. Yet it is classified as an income poor nation and the nation's rural domain remains significantly underdeveloped. Many rural residents do not have access to basic services but instead endure great economic and social hardships and are offered few opportunities to improve their livelihood. Over the 27 years of independence, and especially in the 10 years from 1992 onwards, there has been a decline in economic activity in the rural sector.

A number of strategic frameworks and intents have been or are being prepared, including a revision of the Medium Term Development Strategy (MTDS), the existing National Agriculture Development Strategy: Horizon 2002-12, the proposed Agriculture and Rural Development Strategy of the World Bank and the proposed National Research Strategy of the National Agricultural Research Institute. All such strategies and plans need not only to be coherent, relevant and realizable, but also appreciated and accepted by the various stakeholders and partners in development.

It was felt that that these needs could best be addressed by a workshop involving participation by all relevant parties. Consequently, the National Agricultural Research Institute, with support from the World Bank and financial assistance from the Food and Agriculture Organisation of the United Nations, organized this workshop as a "National Consultative Workshop on Agriculture and Rural Development: Issues and Strategies". The purpose was to create a process for wider national dialogue and to bring together key stakeholders in the agriculture and rural sectors for discussion of issues, constraints, opportunities and strategies.

The objectives of the workshop were to:

- contribute to a process of building a consensus on the strategic directions for the nation's agricultural and rural development programmes in relation to national development objectives;
- establish a framework to summarise the livelihood goals of rural people, their strategies for achieving these goals and the enabling conditions that government can create to support these strategies;
- establish a national implementation framework creating synergy and collaboration between the government, the private sector and civil society; and
- outline a process of follow-up regional meetings to develop this initial consensus into a broadly agreed national strategy for agriculture and rural development.

Besides key papers on current intents and strategies, three main topics were included for deliberation. These were: 1) options and opportunities for agriculture and rural development - keynote speaker Mr Brown Bai; 2) input delivery and advisory services for agriculture and rural development - keynote speaker Sir Barry Holloway; and 3) markets and marketing in agriculture and rural development - keynote speaker Mr Mike Manning.

- The workshop was conducted over three days from 24 to 26 July 2002 and had a total of 106 participants from 55 public and private sector organizations. There was representation from key national government agencies, academic institutions, non-government and community-based organizations, provincial government, large and small-scale private sector stakeholders, the donor community and practicing farmers.

The key strategies that emerged from the workshop to be included in an integrated framework for agriculture and rural development are as follows:

- Strategies requiring urgent and sustained action
 - Improved discipline in all sectors and at all levels with sanctions against non-performance.
 - Priority attention to law and order through an intensive campaign by the new government, with an emphasis on people's involvement and responsibility.
 - Do away with all forms of discretionary funding and channel such funds according to policy and national development priorities.
 - Real emphasis on good governance, transparency and accountability.
 - No investment in new transport infrastructure for five years with all available resources being allocated to the maintenance of existing infrastructure.
- Strategies requiring long-term and sustained support
 - Primary emphasis on the participation of smallholders, especially women.
 - The provision of income earning opportunities for rural producers, especially women, for priority needs including food security and social obligations.
 - Foster internal economic development, paying special attention to village economies, as a source of broad-based growth.
 - Continued attention to the needs of people at risk and those who are marginalized, especially women, for social welfare and equity.
 - Land use planning and land mobilization, with an intensification of the use of the best and underused land.
- Strategies requiring medium term support
 - Rehabilitation of existing plantations, including cattle ranches and smallholder cattle projects, and expansion of the plantation sector with both new and existing crops.
 - Support for initiatives such as the agro-enterprise development projects with private sector entities using central processing facilities as centers for service provision.
 - Support for further development of proven or new growth industries such as vanilla, oil palm, aquaculture, eco-forestry, tourism and other likely successful alternative cash crops.

- Finding and promoting export markets, including vigorous promotion of tourism.
- Provision of information, both existing and new, to farmers and extension providers at regional, provincial and local government levels.
- Strategies requiring sustainable public and private sector financial support
 - Support for research and research institutions, enabling scientific research and appropriate technology development for progress in all rural sectors.
 - Support for human resource development in the agriculture sector at all levels: primary to high schools; middle level scientific expertise with special attention to training and professional development; farmer training; higher level training for research; use of the national training levy to support industrial training at the University of Vudal and the University of Technology.
- Strategies requiring consideration and implementation by Government agencies
 - Promotion and fostering of agriculture and rural development in a friendly and enabling regulatory but non-restrictive environment.
 - An enabling climate for foreign investment.
 - Defense and protection of land titles and leases by government, with emphasis on the efficient operation of the Lands Department in all provinces.
 - Development of means for control of compensation claims.
 - Supporting ward-level extension and actions for poverty alleviation, including increasing the capacity of extension staff – a challenge to operate more effectively within the Organic Law on Provincial and Local Level Governments.
 - Support for organized farmer groups, especially for the mobilization of internal finance, marketing and technology information exchange.
 - Mobilization of rural savings by developing financial schemes, for or within groups of producers, with a strong savings base.
 - Encourage banks to utilize e-technologies to strengthen rural services.

The workshop participants agreed to a plan of action that included:

- Preparation of a synopsis report of the recommendations.
- Finalisation and publication of the workshop report for contribution to the medium term development strategy review and the national agricultural development and implementation plan.
- Formation of a national coalition for agriculture and rural development.
- Undertaking regional consultations for a reality check and a follow-up and review workshop within 12 months.
- Developing key performance indicators and targets to assess progress on the enabling conditions that emerged at the workshop.
- NARI to be the official repository of the workshop proceedings.
- Ownership of the outcomes and recommendations by all participants.

The workshop was most successful in the achievement and recording of a consensus of views from a very wide range of participating individuals and organisations towards outlining strategies and a plan of action on agriculture and rural development. Immediate action is needed on key

interventions. It remains an urgent necessity to ensure implementation of the plan of action in the vital interests of the future of PNG.

1. Introduction and Background

1.1 Introduction

Agriculture remains the mainstay for any meaningful and sustainable development benefiting the 85 percent majority of the people of Papua New Guinea (PNG) who are rural based and making a living from the land. By world standards, the land and natural resources are bountiful with good landforms, soils and climate. The people possess a national heritage and culture based in agriculture. PNG has tremendous potential to harness the benefits of a resilient society with a strong capital based on enduring cultural and social traditions.

Rural development is the most important means for economic growth and social improvement in PNG. It must also be the major means for generation and equitable distribution of income and wealth as the economy grows. However, social and economic transformation in PNG is a long-term endeavour that seeks to reconcile the traditional and modern sectors and that needs to proceed at a pace that local communities can control and absorb.

Agriculture is the primary focus of rural development. The natural endowments of PNG give it comparative advantage as potentially one of the most productive countries in the world, with the development of primary production enterprises and agro-industries ensuring beneficial growth, economic well-being and improved livelihoods for the people.

Yet the nation's rural domain remains significantly underdeveloped. Many rural residents do not have access to basic services but instead endure great economic and social hardships and are offered few opportunities to improve their livelihood. Past development policies and programmes have not created growth and sustainable development. The amount of public expenditure that has gone into public sector programmes has not achieved the intended development outcomes. Planned programmes for agriculture and rural development did not get the levels of disbursement conducive to the creation and development of successful agricultural enterprises. Over the 27 years of independence, and especially in the 10 years from 1992 onwards, there has been a decline in economic activity in the rural sector.

There have been government interventions without strategic linkages to the private sector or its involvement as a key partner for development and growth. In other cases, government services collapsed and the private sector, through its own initiative and at its own cost, became the catalyst for development and the provider of basic services in rural areas.

1.2 Nation at the Crossroads

For some time now, PNG has been at the crossroads in deciding on long-term strategies for economic growth, income and wealth distribution, socio-economic development and improved welfare. The country is rich in terms of non-renewable resources - minerals, oil and gas - and renewable resources - land, environment, biodiversity, forests and fisheries. Yet it is classified as an income poor nation. During 2001, the per capita income of PNG was US\$ 564, which was only a tenth of the world average figure of US\$ 6400 and a fifth of the average figure for South-east Asia and the Pacific.

The socio-economic development and welfare scenario in PNG is characterized by¹:

- Unbalanced (skewed) income distribution within and across various regions and socio-economic groups, approximately 80 percent of the people having 20 percent of the income.
- High levels of unemployment and underemployment with 74 percent of the economically active population in the semi-subsistence sector generally remaining underemployed. Currently there is potential for only about five percent of the total population and 18 percent of the economically active population to be employed in the formal sector.
- Poor living standards and poverty as manifested by low life expectancy (54 years), underweight children (29 percent), poor health, malnutrition, under-nourishment and food insecurity.
- A poor gender-related development index (0.536), PNG ranking 110th among 174 countries.
- Poorly developed and maintained infrastructure including roads, markets, facilities, information, communications, airfields and seaports.
- Weak, poorly managed and not well coordinated development organisations.
- Increasing degradation of the environment and depletion of natural resources.
- Consistently rising and serious law and order problems.
- An overall low rating as suggested by the Human Development Index; PNG ranking 133rd among 174 countries (UNDP Report 2000).

The recent performance of macro-economic indicators has also been disappointing. Although the population has been growing at 2.7 percent per annum, the real total GDP is declining at 3.3 percent, the real agriculture sector GDP and the value of non-export agriculture falling at 4.9 percent and the real value of agricultural exports declining at 9.4 percent (NARI 2002).

1.3 Background

Issues of development encompassing law and order, infrastructure and facilities, growth of agriculture, rural industries, health, education, equity and welfare are frequently deliberated upon and policies are outlined. In 2001, the World Bank drafted strategies for agriculture and rural development, highlighting issues and challenges. A National Agriculture Development Strategy: Horizon 2002-12 was approved by the National Executive Council but is awaiting an implementation plan (DAL 2001). The Medium Term Development Strategy 1997-2002, adopted by the National Government in 1997, was only partially implemented and is being reviewed and modified with a focus on poverty reduction and rural development. Baxter (2001), in the AusAID International Development Issue No. 54 on “Enclaves or Equity”, addresses the rural crisis and development choices for PNG. The National Agricultural Research Institute (NARI) is engaged in formulating a medium term research strategy (NARI 2002).

It is important that all such strategies and plans need not only be coherent, relevant and realizable, but also appreciated and accepted by the various stakeholders and partners in development. There is a need to capture the real issues on the ground through a process of comprehensive, representative and equitable consultation with all key stakeholders before agreed strategies are finalized, roles and responsibilities understood and implementation plans

¹ Details on socio-economic indicators and development issues in PNG are given in NARI (2002).

developed and executed. This ongoing process requires an interactive dialogue to provide for all views, experiences and aspirations to be aired and collated, thus producing an implementable national strategy that aims to revive and create successful and sustainable agricultural and rural development.

It was felt that these needs could best be addressed through a workshop involving participation by relevant parties representing all sectors and target groups.

NARI had conducted a number of stakeholder consultations for setting research priorities and showed that the benefits are enormous for developing research projects which are relevant, focused and targeted towards development issues and outcomes for the improved performance of the agriculture sector. The World Bank also carried out a review of the agriculture and rural development sectors and intended producing an Agriculture and Rural Development Strategy for PNG. Therefore the Bank, with financial assistance from the Food and Agriculture Organisation of the United Nations, offered to support NARI in organising this forum as a “National Consultative Workshop on Agriculture and Rural Development: Issues and Strategies”. The purpose was to create a process for wider national dialogue and to bring together key stakeholders in the agriculture and rural sector for discussion of issues, constraints and opportunities. The intention was to develop an agreed national development agenda which could be translated into a number of public and private sector actions.

2. Organisation and Participation

As there are a number of strategic frameworks and intents prepared or under preparation, both in final form and as new proposals, it was decided that the workshop must first make an assessment of these. This meant taking stock of the development of the new Medium Term Development Strategy (MTDS) by the Department of National Planning and Rural Development, the existing National Agriculture Development Strategy of the Department of Agriculture and Livestock, the proposed Agriculture and Rural Development Strategy of the World Bank and the proposed National Research Strategy of the National Agricultural Research Institute. It was noted that the theme of Poverty Alleviation and Rural Development is central to the new MTDS and would therefore be a key directive for workshop deliberations.

Besides these current intents and strategies, three main areas for deliberation were considered very important in targeting sustainable development of the agriculture and rural sectors. These were: 1) options and opportunities for agriculture and rural development, 2) input delivery and advisory services for agriculture and rural development, and 3) markets and marketing in agriculture and rural development. Three prominent people were identified to be keynote speakers on these topics, presenting ideas for assessment and consideration towards recommending strategies.

The objectives of the workshop were to:

- contribute to a process of building a consensus on the strategic directions for the nation’s agricultural and rural development programmes in relation to national development objectives;
- establish a framework summarising the livelihood goals of rural people (communities, households and individuals), their strategies for achieving these goals, and the enabling conditions that government can create to support these strategies;

- establish a national implementation framework creating synergy and collaboration between the government, the private sector and civil society; and
- outline a process of follow-up regional meetings to develop this initial consensus into a broadly agreed national strategy for agriculture and rural development.

The workshop was conducted over three days from 24 to 26 July 2002 and had a total of 106 participants from 55 public and private sector organisations. The Workshop Programme is given as Annex 1. There was representation from key national government agencies such as the Prime Minister's Department, the Department of National Planning and Rural Development, the National Department of Agriculture and Livestock; academic institutions engaged in education, training, research and development in agriculture and rural development such as the University of PNG, the PNG University of Technology, the University of Vudal and the University of Goroka; and non-government and community-based organizations with real experience of rural development in the remoter parts of PNG. Participation from the provincial government level enabled the discussion to benefit from their experiences in implementing rural development through the DPIs and LLGs.

There was also very active participation from large and small-scale private sector stakeholders, both from fully commercial enterprises and from semi-statutory bodies such as the Livestock Development Corporation. Participation by the donor community enriched the workshop as they were able to provide a wealth of experience in rural development from across the globe. Not the least was participation by farmer representatives. Lists of participating individuals and organizations are provided in Annex 2 and Annex 3 respectively.

Mr. Moses Thompson from Strategic Technologies, the United States, was the facilitator of the workshop. The PNG convener and organiser was Dr. Naihuwo Ahai, Research Director of NARI. Chairmanship and reporting was sought from a cross section of the participants and this helped bring consensus to the workshop decision-making.

The workshop was organised around the following five thematic sessions:

- Session I: Opening and Overview.
- Session II: Current Strategies and Intentions.
- Session III: Options and Opportunities in Agriculture.
- Session IV: Input Delivery and Advisory Services.
- Session V: Markets and Marketing.
- Session VI: Plenary: Integrated Framework for Agriculture and Rural Development.

Sir Alkan Tololo, Chairman of the NARI Council, opened the workshop after delivering the keynote address. The full text of his speech is given as Annex 4.

Presentations on current strategic intent and keynote papers were each immediately followed by a short question and answer session. Following the keynote papers for sessions III, IV and V, participants were divided into 10 groups for more in-depth discussion of issues, problems, opportunities and constraints relating to each theme.

Two rapporteurs appointed for each session summarized key points of the presentations and small group discussions. These summaries were then presented and deliberated on in the plenary

session, leading to the raising of key issues and formulation of strategies, recommendations and an action plan.

3. Current Intents and Strategies

3.1 NARI Research Strategy for Agriculture and Rural Development in PNG

(Full paper in Annex 5)

Dr Raghunath Ghodake, Deputy Director General of NARI, drew attention to the issues of stagnant or declining real agriculture GDP, declining per capita income, inequality of income distribution, declining real income from agricultural exports and the poor performance of non-export agriculture. The problems and constraints appear to be a lack of clear policies and strategies, depletion or degradation of natural resources and the poorly developed and maintained infrastructure. Research is considered to be an important catalyst for development and can give high rates of economic return. PNG has unique environmental and socio-economic conditions and therefore cannot rely solely on research done elsewhere.

The mandate of NARI includes adaptive and applied research on staple crops, vegetables, fruit and nuts, alternative enterprises, livestock and resource management issues, with a focus on smallholder farmers. The objectives of NARI are to contribute to:

- an adequate supply of nutritious food,
- generation of employment and improved incomes,
- more efficient use of natural and man-made resources (e.g. land and labour),
- deriving benefits to less privileged people and disadvantaged areas, and
- long term sustainability of resource use

The general research strategies emphasised by the Institute are:

- A focus on smallholder semi-commercial farmers
- Gender and socio-economic equity
- An agro-ecological basis for research
- Applied and adaptive research
- Stakeholder and community participation in research
- Partnerships and alliances
- Dynamic and iterative research priority setting and programming
- Use of indigenous knowledge and locally available resources
- Balanced emphasis on economically disadvantaged or environmentally threatened areas
- Development of environmentally friendly and culturally acceptable technologies
- Technologies for adding value to primary products

Dr Ghodake also outlined the research priority setting process that is being implemented by the Institute. Areas of Research Opportunity (AROs) within the NARI mandate have been defined and prioritized using a scoring system. Programme strategies defining research areas within eight AROs, based on the outcomes of provincial consultations and the National Consultative Workshop on Research Prioritisation held in August 2001, were presented.

He emphasised how well targeted and planned agricultural research can effectively contribute to the development of agriculture and rural areas in PNG.

3.2 Medium Term Development Strategy: Poverty Reduction and Rural Development (2003 – 2007)

(Full paper in Annex 6)

Mr. Philip Kikala, Secretary of the Department of National Planning and Rural Development, outlined the government's blueprint for sustainable growth and development as given in the medium-term development strategy. The current 1997 – 2002 MTDS is being revisited and revised. The focus is to set out the general principles underpinning the government's approach to social and economic development, provide a rolling three-year resources framework and identify priority areas for government expenditure having the greatest impact on poverty reduction and improved living standards.

Agriculture and rural development are critical to the MTDS because growth in the agriculture sector is essential for improving the economic well-being of the majority of Papua New Guineans and agriculture provides the bulk of domestic food requirements. It also generates K 800 million through export income per annum. Most new entrants to the labour force will need to derive their livelihood from agriculture, mainly through self-employment. There is a need for increased cash income in rural areas; small increases in cash income can have a big impact on the well-being of rural people and cash income also contributes to improved food security.

The MTDS would provide the right framework and environment for agricultural growth. The theme of the new MTDS will be Rural Development and Poverty Reduction and the priorities will include:

- basic education,
- primary health care,
- transport infrastructure maintenance,
- law and order, and
- income earning opportunities, particularly in rural areas.

Detailed expenditure plans will be based on the sectoral programmes of national departments. Provincial and district development plans need to be consistent with the MTDS. The new MTDS will increase emphasis on programmes that directly promote income-earning opportunities, including those in agriculture. The example was given of the agro-enterprises development project. This promotes the nucleus enterprise model of agricultural development which integrates commercial agri-businesses with smallholder producers. The agri-business can provide a secure market, extension services, production inputs, credit and infrastructure, etc.

The focus on rural development and agricultural growth will ensure the greatest impact on the "have-nots" of our society. Government programmes will create the environment that will allow the rural majority to mobilise their own resources for improved living standards.

3.3 Transformation of the Rural Sector through Agriculture and Rural Development

(Full paper in Annex 7 based on DAL 2001. *National Agriculture Development Strategy: Horizon 2002-12*, Department of Agriculture and Livestock, August 2001)

Mr. Matthew Kanua, Secretary of the Department of Agriculture and Livestock, firstly discussed the corporatisation policy with respect to fisheries and agricultural industry bodies, inferring that corporate and statutory laws have effectively marginalised the state and hence 87 percent of the people. He recommended formulation of a balanced policy based on integration of the two ideals: capitalistic commerce and distributive social welfare. He went on to discuss the World Bank and IMF policies with respect to the Structural Adjustment Programme (SAP). The SAP places emphasis on national economic growth and foreign exchange savings and is based on capitalistic principles. The concept of comparative and competitive advantage clashes with the socialistic outlook of rural life in PNG. It is necessary to design macroeconomic policies that directly impact on and influence the necessary conditions for transforming the agriculture sector at the village level.

He outlined the National Agriculture Development Strategy: Horizon 2002-2012, which provides a set of broad policies for agricultural development that can be used to incorporate DAL policy into the MTDS. Since the strategy does not define specific roles and responsibilities at stakeholder level, it is necessary to develop a National Agricultural Development and Implementation Plan. This plan will set out the national priorities for commodity, research, development and extension programmes. Specific plans and development strategies will be the responsibility of each province, commodity board and statutory agency.

3.4 Viewpoint of the World Bank

(Power point presentation in Annex 8, based on "World Bank 2001. *Papua New Guinea Strategies for Agricultural and Rural Development: Issues and Challenges (Draft)*. Agriculture Operations Division, Country Department III, East Asia and Pacific Region, May 2001).

Mr. Andrew Parker, Resident Representative of the World Bank in PNG, focused on building partnerships with member countries for sustainable economic development and poverty reduction. He emphasized the following two main strategies.

- Development through a thriving private sector

This requires provision of an enabling policy framework that promotes entrepreneurship and is stable, non-distortionary and non-discriminatory; business-friendly regulations with everyone playing by the same predictable rules; and good governance with corruption minimized, corporations playing by the rules and sanctions and penalties enforced.

- An effective public service delivery system

What the public sector can do is determined by the total level of available resources and their efficient use. Currently, public resources are scarce and therefore there must be a focus on supporting services with high economic returns and improved efficiency. Public expenditure must be prioritized for effective budget management. Greater efficiency can be achieved by using the public sector as facilitator and by right sizing, privatization and decentralization.

For implementation it is necessary to develop a roles, results and incentives matrix for all stakeholders including rural producers in the informal private sector, the formal private sector,

NGOs and CBOs, public sector agencies, the national government and donors. The needs, contributions, outputs, results and incentives must be assessed for each stakeholder group.

The main issues raised in discussion during this session are as follows.

- Work on biodiversity, biotechnology and genetically modified organisms will have important implications for rural development.
- The complex issue of genetically modified crops requires a national policy.
- The NARI Research Strategy allows for provision of food of adequate nutritional value since the term Food Security implies this.
- Outreach and information dissemination and the need for research on motivation and incentives are critically important.
- An apparent conflict exists between government strategies on rural development and farmer attitudes with respect to cash income and subsistence agriculture, surplus production and wealth accumulation and savings for long-term investment.
- The relevance of socialistic and capitalistic approaches to agricultural development needs critical analysis and critical consideration in designing a rural development policy.
- A centralized approach to planning as suggested in the National Agriculture Development Strategy is not conducive to corporatisation and privatisation.
- Any strategy must be clearly defined within clear policy, understood by the private sector, and provide donors with programmes for implementation.
- Plantation-based development can mobilize resource owners to contribute land in exchange for equity, but only if this is not in conflict with village-based production.
- The agro-enterprise model is a possible model for development. Groups of smallholder farmers can be mobilized into production units.
- There must be clearly defined immediate and longer term objectives, with the MTDS driving budget allocations.

4. Thematic Sessions and Keynote Papers

4.1 Options and Opportunities for Agriculture and Rural Development

(Full paper in Annex 9)

(Rapporteurs: Mr Michael Heiden and Mr Lautu Tautea)

Mr. Brown Bai, Chairman of the Public Service Reforms Commission, provided in his keynote presentation an overview of the options and opportunities available for agriculture and rural development. He emphasised the principle objectives of agriculture and rural sector development and highlighted the disappointing performance of agricultural exports, non-export agriculture and the livestock industries.

Mr. Bai outlined the following strategic options and opportunities for promoting agricultural growth and development in PNG.

- Determine ways to reduce costs of production, improve value through better quality control, make better marketing arrangements and increase efforts to gain greater access to preferential markets.

- Government and its respective institutions should provide transport and fuel subsidies to reduce the high cost of transportation due to the poor infrastructure (temporary arrangement).
- Establish a land registration system for all land in PNG.
- Review and restructure the principle objectives and functions of the Rural Development Bank to become the financial institution to provide all necessary finances for rural development initiatives.
- Actively promote the plantation sector through new plantations and rehabilitation of some old plantations.
- Encourage traditional landowners to register their own land or agricultural development companies to initiate the development of their land.
- Develop the food crop sector by identifying markets and developing post harvest techniques, supported by a food policy that aims at production for local as well as export markets.
- Implement a deliberate policy to promote and enhance the development of the subsistence sector for future food security.
- Develop 50 percent of the undeveloped “government land”.
- Develop a deliberate set of policies to attract major foreign investors into PNG to assist drive the development of the agriculture sector. An equity fund should be set up to assist finance large-scale projects and provide land free of disputes and compensation demands.
- Put into place a good and reliable infrastructure network.

Summary of Outputs from the Small Group Discussions (1): Options and Opportunities

- Strategic options and opportunities for the **subsistence producer** include intra–village specialisation, inter-village and market specialisation, increased production (through productivity improvement, e.g. by improved soil fertility), the introduction of new crops, varieties or animals, improved post harvest handling and increasing the value of existing production through improved quality or processing.
- For the **semi-commercial producer**, strategic options and opportunities include the organization of farmer groups for access to planting materials, information, training, savings and funding sources, markets, continuity of market supply and economies of scale, land registration, LLG based extension services, crop diversification, specialisation or intensification, micro–finance arrangements, mobilisation of savings, improved post harvest handling and increasing the value of existing production through better quality and processing.
- For the **commercial producer**, strategic options and opportunities include organization of farmer groups for continuity of market supply, economies of scale, lobbying of government and buyers for infrastructure support and sourcing of funding, reinstatement of concessional loans and tax credits, improved plantation infrastructure, input into the government regulatory framework on export commodities, accessing new information, investment or savings and increasing the value of existing production through better quality and processing.

The choice for a farmer as to how much of the available resources are devoted to commercial activities depends on social factors and needs, access to alternative sources of cash, land

suitability and tenure, marketing access and information, transport, access to farm inputs, levels of training, support networks, access to low interest credit, labour availability and law and order factors.

4.2 Input Delivery and Advisory Services for Agriculture and Rural Development

(Full paper in Annex 10)

(Rapporteurs: Mr Jacob Kiara and Mr Uron Salum)

Sir Barry Holloway, as keynote speaker for this session, stressed that policies to improve input delivery and advisory services should encompass the inclusion of agriculture in the education curriculum at all levels, an unconditional and total abolition of all forms of discretionary funding for Members of Parliament with the funds re-directed to agricultural and rural development, land tenure policies that address recognition of customary titles and enable land to be made available for development, government policy ensuring budgetary support for the primary goal of alleviation of poverty, reduction of corruption and control of compensation claims.

The approach to agricultural development should focus at the smallholder level with a manageable yet productive size of undertaking and resolution of land ownership issues from the start. Land holdings should be developed as family units and not as clan or group holdings. Repossessed plantation land should be sub-divided with each block to be owned by a household unit. Increased smallholder agricultural activity in the cash economy will be a means to achieve sustainability.

Strategies to improve extension services and promote the involvement of farmer groups can include the reproduction and distribution of simple extension messages. Centralised processing facilities or nucleus enterprises can serve as extension, marketing and service centers. Agricultural extension services must be Ward Development Committee responsibilities in the local level government system and with attitudes of extension officers at all levels improved through a range of capacity building methods. Grower associations should unite to advise government rather than promoting differing views. Marketing practices and methods need to be reviewed and the private sector efficiency in agricultural input supply and distribution fully utilised. Co-operative movements may be reconsidered but their success depends upon accountability and discipline on the part of the managers and members.

Strategies concerning credit and rural finances would include the development of micro-finance schemes. The viability of loan proposals and the use of farmer equity contributions must be very seriously considered or credit assistance is bound to fail. The Rural Development Bank must be given financial viability and there must be a drastic review of lending guidelines to improve viability and sustainability.

A range of case studies and stories of successes and failures were presented to illustrate the theme of the presentation.

Summary of Outputs from the Small Group Discussions (2): Input Delivery and Advisory Services

Issues brought up by stakeholders highlighted the needs for:

- a policy on employment creation in the rural areas to combat law and order problems;

- research institutions to have outreach and liaison programmes in the provinces;
- research on agricultural inputs, carried out in collaboration with stakeholders;
- emphasis to be placed on farmer training, achievable through the establishment of rural training centers;
- a policy on human resource development, including professional training by the universities and other institutions;
- PNG missions overseas to be proactive in promoting PNG products and finding markets; and
- the negative attitudes of provincial extension staff to be improved by capacity building and training in modern extension approaches.

Interventions to establish enabling conditions for progress were determined as follows:

Research

- Farmer oriented research to be prioritised based on stakeholder needs and focused on issues, constraints and limitations to production and profitability. A full understanding and appreciation of the value of research to be instilled in policy makers, planners, stakeholders and farmers who must also be motivated by the research agenda.
- Stakeholders, including government, to commit adequate long-term funding and policy support. Government to dedicate funding on a Kina-for-Kina basis in partnership with industry and interested donor agencies. Non-renewable resource sector and forestry levies to be channeled effectively to fund agricultural research.
- Research findings and recommendations to be disseminated and approved technology transferred to extension officers, farmers, policy makers, all stakeholders and financing institutions. An institutional focus on good liaison with extension service providers.
- Network linkages to be maintained with international and domestic research institutions and forums.
- Effective management and good governance of institutions is expected to sustain the research activities.

Extension and Information

- Effective and affordable extension services to be based on farmer needs and focus on issues, constraints and limitations to viability and sustenance of the farms and farming households.
- Appropriate and relevant extension messages to be packaged for dissemination to farmers. Immediate revision and reprinting of all appropriate extension booklets and other printed material in 'tok pisin' and simple English for distribution to farmers.
- Stakeholder, including government, support and funding to be adequate and dedicated on a long-term basis. Government funding to be on a Kina-for-Kina basis with industry, donor and other stakeholder support. Government support includes that from provincial and local level governments through budgetary processes and the allocation of appropriate derivation

grants. National government and stakeholders to cooperate to actually implement this requirement.

- Extension services are the responsibility of the local level governments and technical support is to be provided by specialized industry institutions who will effectively train the trainers. Delivery of extension messages to utilise a network of rural service providers that includes NGOs, CBOs, missions and organised farmer associations.
- Consistent, effective and dynamic consultative systems to be maintained horizontally with farmer beneficiaries and other stakeholders. Farmers to have good accessibility to extension service providers with exchange and feedback systems.
- Effective management and good governance to be maintained by the institutions to enable them to remain viable and sustain their activities.

Technology

- Appropriate and affordable technologies to be identified and transferred for the purposes of increasing yields, reducing input costs and improving output efficiency.
- Adoption, transfer and replication of ‘best practices’ to be based on a ‘success breeds success’ principle. The technologies are also to be environmentally friendly and culturally acceptable.

Credit and Rural Finance

- “Micro-finance” schemes are preferred over “credit” schemes as they encourage farmers to mobilise their savings. This urgent requirement needs to be packaged well to include multi-skill training, and information and market networks. Such schemes must be sustainable.

Policy

- Policies must be developed with full participation of stakeholders and should have strong linkages to those concerned with transport, infrastructure, and law and order to include all other enabling conditions.

Regulatory Framework

- A regulatory framework to ensure good governance in industry bodies and their professional management.
- Industry rules to ensure compliance in quality control so that produce markets are maintained.

Standards and Inspection

- Standards must ensure compliance with market requirements and meet appropriate international requirements.

Taxes and Tariffs

- Changes required to lower tariffs and excise duties on all imported agro-industry inputs. Tax credits to be used effectively for funding infrastructure. Import duty exemptions to be looked at for specific items.

4.3 Markets and Marketing in Agriculture and Rural Development

(Full paper in Annex 11)

(Rapporteurs: Ms Norah Omot and Mr Paul Barker)

Mr. Mike Manning, Director of the Institute of National Affairs, began his keynote address by stating that there would appear to be no policies with respect to marketing of agricultural products.

The problems faced in marketing include low prices (especially where monopolies exist), inefficient transport systems, lack of knowledge on prices, lack of the management skills and knowledge to run cooperatives, the small market in PNG for downstream processed products, the demise of plantation sectors due to rising costs, law and order and land tenure problems, the falling exchange rate leading to high costs of inputs, mismanagement, corruption and inefficiency at management levels.

Strategies for improved marketing should include the availability of market information, good management of cooperatives, a very efficient transport system, improvement in law and order, the search for better prices, an efficient extension system, improved product quality, research, promotion of the internal PNG market, improvement in land tenure and good management of marketing boards and industry co-operatives.

Opportunities for implementing the strategies include:

Research: Research can enhance the competitiveness of PNG's export crops and therefore should be continuous with the use of good analytical tools as well as risk analysis. It should also be adequately funded.

Promotion for Marketing: Little is known about PNG in the outside world. The government should market the country and its products through coordinated campaigns aimed at existing and new markets.

Case studies were presented to illustrate the theme.

Summary of Outputs from the Small Group Discussions (3): Markets and Marketing

Interventions to create enabling conditions to support the implementation of the strategies were determined as follows:

Law and Order

Interventions would include poverty alleviation, changed community attitudes and active policing with public campaigns, some of the military budget to be diverted to law and order and infrastructure maintenance, village engagement with people more active and engaged in their communities, training of individuals in villages to represent government authority and the development of appropriate forms of punishment, e.g. shame.

Infrastructure

Rationalisation of resource allocation to road, sea freight and telecommunications. A moratorium on new construction with resources concentrated on maintenance for the next five years. Fixed proportions of mining revenue to be devoted to infrastructure. The functions of the Department of Works to be reviewed.

Market Development

Interventions to include promotion of competitively advantaged products, improved post harvest handling and management (via private enterprise), market information generation, dissemination and awareness, value adding through processing, market infrastructure and storage facilities, market research.

Policy

Agricultural production and marketing policy to be developed for economic impact over the next five years. Discretionary funding and funds to be reviewed and abolished. Formulation of budgets must be policy driven. Interventions are required to ensure accountability.

Quality Assurance

Quality assurance will be improved with a competitive market and an awareness of quality standards and requirements, especially international quality control standards for export of food products to meet market opportunities in Asia and elsewhere. PNG's pristine environment can be used in export promotion, especially for niche markets and organic products. Assistance in meeting trade regulations is required to help ease of exporting with a single controlling body to minimize paper work and confusion. Existing private sector experience with information, regulations, monitoring and approvals can be used to assist in ensuring quality control.

Trade Agreements

Trade policy should allow for the incorporation of a programme of assistance to producers and exporters.

5. Integrated Framework for Agriculture and Rural Development: Key Strategies

(Rapporteurs: Prof Alan Quartermain and Mr Brian Deutrom)

The following is a list of key issues raised, resulting strategies and recommended actions resulting from the consultative process undertaken with the wide range of stakeholders. These strategies and actions are a summary of the results of the series of focused small group discussions that followed the three keynote thematic addresses. Eight groups of up to 10 randomly selected participants deliberated on each theme and prepared lists of key issues and recommended actions. The results of their deliberations were summarized and presented at a plenary session where they were individually discussed and amended prior to endorsement by all participants.

The strategies are not presented in any order of priority but are categorized for ease of understanding and to some extent in terms of urgency and responsibility. As insisted by the plenary, the primary emphasis of all immediate and medium term strategies must be directed towards the increased participation of rural producers, particularly women, in economic and social development.

5.1 Strategies Requiring Urgent and Sustained Action

- Improved discipline in all sectors and at all levels with sanctions against non-performance.
- Priority attention to law and order through an intensive campaign by the new government, with an emphasis on people's involvement and responsibility.
- Do away with all forms of discretionary funding and channel such funds according to policy and national development priorities.
- Real emphasis on good governance, transparency and accountability.
- No investment in new transport infrastructure for five years with all available resources being allocated to the maintenance of existing infrastructure.

5.2 Strategies Requiring Long-term and Sustained Support

- Primary emphasis on the participation of smallholders, especially women.
- The provision of income earning opportunities for rural producers, especially women, for priority needs including food security and social obligations.
- Foster internal economic development, paying special attention to village economies, as a source of broad based growth.
- Continued attention to the needs of people at risk and those who are marginalized, especially women, for social welfare and equity.
- Land use planning and land mobilization, with an intensification of the use of the best and underused land.

5.3 Strategies Requiring Medium Term Support

- Rehabilitation of existing plantations, including cattle ranches and smallholder cattle projects, and expansion of the plantation sector with both new and existing crops.
- Support for initiatives such as the Agro-enterprise Development Project with private sector entities using central processing facilities as centers for service provision and with foreign investment as necessary.
- Support for further development of proven or new growth industries such as vanilla, oil palm, aquaculture, eco-forestry, tourism and other likely successful alternative cash crops, with foreign investment as necessary.
- Finding and promoting export markets, including vigorous promotion of tourism.
- Provision of information, both existing (reprinting with revision as necessary) and new, to farmers and extension providers at regional, provincial and local government levels.

5.4 Strategies Requiring Sustainable Public and Private Sector Financial Support

- Support for research and research institutions, enabling scientific research and appropriate technology development for progress in all rural sectors.
- Support for human resource development in the agriculture sector at all levels: primary to high schools; middle level scientific expertise with special attention to training and professional development; farmer training; higher level training for research; use of the national training levy to support industrial training at the University of Vudal and the University of Technology.

5.5 Strategies Requiring Consideration and Implementation by Government Agencies

- Promotion and fostering of agriculture and rural development in a friendly and enabling regulatory environment; rules and regulations being minimal, non-restrictive and only as necessary.
- An enabling climate for foreign investment.
- Defense and protection of land titles and leases by government, with emphasis on the efficient operation of the Lands Department in all provinces.
- Development of means for control of compensation claims.
- Supporting ward-level extension and actions for poverty alleviation, including increasing the capacity of extension staff – a challenge to operate more effectively within the Organic Law on Provincial and Local Level Governments (OLP&LLG). Enhancing the capacity of lower levels of governments to undertake the responsibilities vested in them under the OLP&LLG.
- Support for organized farmer groups, especially for the mobilization of internal finance, marketing and technology information exchange.
- Mobilization of rural savings by developing financial schemes, for or within groups of producers, with a strong savings base.
- Encourage banks to utilize e-technologies (radio internet) to strengthen rural services and stop banks from charging disadvantaged rural clients the 5 percent transaction fee.

6. Plan of Action

The workshop decided on a number of actions to enable the key strategies and recommendations of the workshop to be made known and promoted through a number of both government and private sector avenues. Such avenues include representations to the new government. The primary aim of the Plan of Action is to ensure that the momentum for change generated by the workshop is not lost. A number of key strategies are very urgent and need action or consideration as short-term measures for big gains, whilst others need urgent attention but action can be regarded as medium term. All must receive due attention by relevant authorities and agencies for due process.

Action already taken includes the preparation of a synopsis report of the proceedings for relevant authorities, the World Bank and key industry, private sector and non-government and community-based organizations to enable special representations to be made at their respective levels. A special briefing is to be prepared for the new government by the relevant agencies and appropriate persons.

Action 1: Synopsis Report of Recommendations

Immediately within five days after the Workshop, a synopsis in the form of a condensed proceedings to be prepared and made ready for relevant authorities, the World Bank and key industry, private sector and non-government and community-based organizations to use for special representation and lobbying for action at their respective levels. The Central Agencies and the Chairman of the Reform Committee, Mr. Brown Bai, and member Sir Barry Holloway are also to be provided copies to prepare a special briefing for the new government.

Action 2: Input into the Medium Term Development Strategy (MTDS) Review

The final report of the workshop, including the recommended strategies and other relevant recommendations, will be taken into account in the formulation of the MTDS. The Secretary for the Department of National Planning and Rural Development will be presented with a copy of the report as requested. For the immediate future, a copy of the synopsis report and recommendations will be given to the DNPRD Secretary to incorporate into the MTDS review process.

Action 3: Input into the National Agricultural Development Plan

The National Agricultural Development Strategy (NADS) is established although there are a number of key issues regarding implementation that are not adequately addressed. These were brought up in the workshop. The findings and recommendations of the workshop will contribute to the National Agricultural Development Plan, the implementation plan of the NADS.

Action 4: Formation of a National Coalition for Agriculture and Rural Development

Key partnerships need to be established among the participants of the workshop to foster and promote the cause of agriculture and rural development in an organised way and through affirmative action. In addition, a National Coalition for Agriculture and Rural Development should be established to make appropriate recommendations to government and relevant authorities in an affirmative way. Three of the immediate actions would be to hold a top level briefing of the newly elected Members of Parliament after the formation of the government, to conduct a national campaign to bring the issues to the fore of national attention and to publish a report for circulation to all Members of Parliament and donor and international development agencies for creation of a lobby process.

Action 5: Publication of the Proceedings

A recognised national publishing body involved in agriculture and rural development should be responsible for publication of the proceedings. Hence NARI, as a publishing organisation and being primarily responsible for the conduct of the workshop, will be the publisher of the proceedings. The World Bank will support this publication.

Action 6: Regional Consultation

In order to achieve national consensus, ownership and the coalition for action, the report of the workshop and the recommendations for a National Strategy must be subject to a reality check in the regions through another set of consultative forums similar to this national workshop. Therefore, it is decided that after publication of the proceedings and the process of assimilation by relevant agencies, regional workshops will be conducted no later than six months from the date of the proceedings. Key participants involved in the national workshop will assist in the planning and facilitation of the regional workshops. The World Bank will be asked to support the running of the regional workshops.

Action 7: Key Performance Indicators

The workshop did not arrive at identifying a number of key performance targets and indicators to assess progress on the enabling conditions discussed at the workshop. Mr. Levi Toviliran, the Provincial Agriculture Advisor for East New Britain, stated that provincial plans and the National Agricultural Development Strategy were too general and had only very broad strategies rather than key targets to achieve. His government would like to set real targets for their various

crop and livestock activities. It was decided as a result that the next required strategic action is to develop national performance indicators related to commodities, crops, livestock, rural enterprises and related industries.

Action 8: Follow Up Workshop

It is in the interests of national performance and self-examination that actions taken on the recommendations of the workshop be reviewed and followed up by the same representation of constituents as part of the affirmation of consensus and ownership for action. Therefore, a workshop entitled “Review of the National Strategy on Agriculture and Rural Development” should be convened no later than 12 months from the date of publication of the proceedings to evaluate the implementation of the recommendations.

Action 9: Repository

In the interests of national intellectual property and the national reference collection, NARI will be the official repository for these proceedings.

Action 10: National Ownership of the Strategy

It was unanimously agreed as a contribution to the National Coalition for Agriculture and Rural Development that all the participants as registered and involved in the workshop and representing their organisations and areas of responsibility will own the outcomes, recommendations and strategies. Together as an owner group and coalition they will support these outcomes, recommendations and strategies.

7. Conclusion and Looking Ahead

The workshop concluded that there are very pressing issues to be addressed to revitalise the agriculture and rural sectors. A number of key interventions are needed in the immediate future for action, primarily by governments, to make some real impact. The rural sub- sectors are really depressed with major implications for the national economy and, therefore, immediate action is needed. Major actions would firstly involve improving roads and transportation and law and order, and then improving research and information delivery systems, skills, technology transfer and extension systems, access to market information and markets, and assistance in dealing with taxation laws and regulations which are impediments to marketing and trading.

The workshop was most successful in the achievement and recording of a consensus of views from a very wide range of participating individuals and organisations towards outlining strategies and a plan of action on agriculture and rural development. It remains an urgent necessity to ensure implementation of the plan of action in the vital interests of the future of PNG.

8. References

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ANNEXES

Annex 1. Workshop Programme

Wednesday, 24 July

- 12.00 – 13.30** Registration & Lunch – All Participants invited for Lunch
- 13.30 – 14.00** **SESSION I: Opening and Overview**
 Master of Ceremony: Dr Naihuwo Ahai, NARI
 Welcome by Mr Valentine Kambori, Director General, NARI
 Official Opening by Sir Alkan Tololo, Chairman, NARI Council
- 14.00 – 14.15** **Overview and Introduction by Facilitator**
Group exercise: Expectations & Workshop Objectives
- 14.15 – 14.30** Coffee Break
- 14.30 – 15.50** **SESSION II: Current Strategies and Intents for Agriculture and Rural Development**
Chairperson: Dr Misty Baloiloi, Vice Chancellor, UNITECH
Rapporteurs: Mr Lautu Tautea, PNG Cocoa Board and
 Dr Geoff Wiles, NARI
- National Agriculture Development Strategy: Horizon 2002-12 Mr Matthew Kanua, Secretary, DAL
 - NARI Research Strategy for Agriculture and Rural Development Dr R. Ghodake, Deputy Director-General, NARI
 - Strategies for Agricultural and Rural Development: Issues and Challenges – Mr Andrew Parker, World Bank
 - Draft Medium Term Development Strategy (2003-07): Poverty Reduction and Rural Development – Mr Philip Kikala, Secretary, DNPRD
- 15.50 – 16.10** **Questions and Discussion**
- 16.10 – 17.00** **Developing a Strategic Framework – Group exercise**
Chairperson: Facilitator
- Defining the overall Agriculture & Rural Development Goals and agreeing on basic social indicators
 - Defining the kind of improved strategies rural communities, households and individuals might use to achieve these overall goals: introducing a sustainable livelihood and rights based approach
 - Identifying the basic enabling conditions to be established by government and the private sector
- 17.00 – 17.15** **Day 2 Preview by Facilitator**
- 18.00 – 20.00** **Official Buffet Dinner at Melanesian Hotel – All Participants invited**

Thursday, 25 July

- 08.00 – 08.30 **Introduction and Overview of Day by Facilitator**
- 08.30 – 09.15 **SESSION III/THEME 1: Options and Opportunities for Agriculture and Rural Development**
Chairperson: Mr P. Kikala , Secretary, DNPRD
Rapporteurs: Ms Margaret Vatnabar, NRI and
Mr Michael Heiden, NARI
Keynote Speaker: Mr. Brown Bai, OBE, Chairman of Public Sector Reforms Commission & Chairman of Rural Industries Council
- 09.15 – 09.45 **THEME 1: Small Group Discussions**
Chairperson: Facilitator
- 09.45 – 10.00 Coffee break
- 10.00 – 10.45 **THEME 1: Report back by Group Leaders**
Chairperson: Facilitator
- 10.45 – 11.30 **SESSION IV/THEME 2: Input Delivery and Advisory Services for Agriculture and Rural Development**
Chairperson: Bill Lawrence
Rapporteurs: Mr Uron Salum, CCEA and
Mr Jacob Kiara, NARI
Keynote Speaker: Sir Barry Halloway, Consultant to the Prime Ministers Department on Public Sector Reform
- 11.30 – 12.00 **THEME 2: Small Group Discussions**
Chairperson: Facilitator
- 12.00 – 13.00 Lunch
- 13.00 – 13.45 **THEME 2: Report back by Group Leaders**
Chairperson: Facilitator
- 13.45 – 14.30 **SESSION V/THEME 3: Markets and Marketing in Agriculture and Rural Development**
Chairperson: Mr Ivan Pomalu
Rapporteurs: Mr Paul Barker, Prime Ministers Dept and
Ms Norah Omot, NARI
Keynote Speaker: Mr Mike Manning, Director, Institute of National Affairs
- 15.15 – 16.00 **THEME 3: Small Group Discussions**
- 16.00 – 16.15 Coffee Break
- 16.15 – 17.00 **THEME 3: Report back by Group Leaders**
- 17.00 – 17.15 **Preview of Day 3**

Friday, 26 July

08.30 – 10.00 SESSION VI: Plenary: Integrated Framework for Agriculture and Rural Development

Chairperson: Mr Kambori, Director General, NARI

Rapporteurs: Mr Brian Deutrom, World Bank and
Prof Alain Quartermain, NARI

Presentations of Session Reports by Rapporteurs

- Session II: Current Strategies and Intent
- Session III: Options and Opportunities
- Session IV: Input Delivery and Advisory services
- Session V: Markets and Marketing

10.00 – 10.30 Small Group Discussions

10.30 – 10.45 Coffee Break

10.45 – 11.30 Report back by Group Leaders

11.30 – 12.00 **Defining Actions and Recommendations**

Mr Brian Deutrom, World Bank and
Prof Alain Quartermain, NARI

Closing Remarks

Mr Andrew Parker, World Bank

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National Government Agencies

Dept of National Planning and Rural Development (DNPRD)
Dept of Prime Minister
Dept of Agriculture and Livestock (DAL)
Bank of PNG
Investment Promotion Authority (IPA)
National Forestry Services
National Agricultural Research Institute (NARI)
Fresh Produce Development Corporation (FPDC)
Rural Development Bank
National Agricultural Quarantine and Inspections Authority (NAQIA)
National Fisheries Authority
Livestock Development Corporation
PNG Cocoa and Coconut Extension Agency (PNG CCEA)
PNG Smallholder Agriculture Projects
Rural Industries Council
Spice Industries Board

Academic Institutions

National Research Institute (NRI)
University of Technology (UNITECH)
University of Vudal
University of Goroka

Non-Government Organisations

Ecoforestry Forum
Foundation of the South Pacific
Hope PNG
Centre for Environmental, Land, Community Rights
Research Conservation Foundation
World Wildlife Fund for Nature

Provincial Governments

Eastern Highlands Provincial Govt. Division of Primary Industry
Madang Provincial Govt. Division of Primary Industry
Morobe Provincial Govt. Division of Primary Industry
West Sepik Province

Private Sector

Copra Marketing Board of PNG
Coffee Industry Corporation
Forest Industries Association
Galley Reach Holdings
Institute of National Affairs

Mt. Wilhelm Vegetable and Fish Farming
New Britain Palm Oil Ltd. Niugini Table Birds
North Fly Rubber Ltd
Oil Palm Industry Corporation
Palm Producers Association
Placer Dome Mining
PNG Growers Association
Ramu Sugar Ltd
The Cattleman's Association
W.R. Carpenter PNG Ltd
Wahgi Mek Ltd

Donor Community

Australian Aid for International Development (AusAID)
European Union (EU)
The World Bank
Food and Agriculture Organisation of the United Nations (FAO)
United Nations Development Program (UNDP)
Australian Centre for International Agricultural Research (ACIAR)
Gazelle Restoration Authority

Annex 4. Chairman's Speech

OPENING ADDRESS BY SIR ALKAN TOLOLO, KBE CHAIRMAN OF THE NARI COUNCIL, ON THE OCCASION OF THE NATIONAL CONSULTATIVE WORKSHOP ON AN AGRICULTURE AND RURAL DEVELOPMENT STRATEGY WEDNESDAY 24TH JULY 2002

Salutations

Firstly on behalf of the NARI Council and our partners in hosting this workshop, namely the World Bank and the Food and Agriculture Organisation, it is my greatest pleasure to welcome you all to this workshop. We consider this event to be one of the most important national forums to be convened at this time of our country's development as we face some very serious and new challenges to the national wellbeing and sustainability of our country.

As we gather here today, the country is awaiting the formation of a new government. If at all there is any process to contribute to the setting of a new development direction for the country based on a real consensus of a good cross section of stakeholders, this is one such occasion.

The timing of this workshop is no mistake. It is timed so that the outcome of this forum will provide some real and well-articulated recommendations of a strategy that is reached out of consensus and cross-sectional representation to be presented to the new government to consider in its development agenda.

Agriculture and rural development remain the most critical issues for a real and meaningful development outcome for our country. This is because the majority of our people live in the rural areas and the majority of them are engaged in agriculture for their sustenance and a livelihood. Any real outcome in development will come through the engagement of the majority of our people.

As a country if we are to see real development in the interest of national well being, we must home down on, and focus on activities and institutional arrangements that will engage and service the majority of our people in a meaningful way as part of our development process.

This is a very important point we must remember and take note in this workshop. Development is not really about writing the best laws and policies and plans and strategies for Papua New Guinea although they are important arrangements. They are only institutional frameworks to legitimise and give mandate for action in our modern statehood.

Real development is about the lives of our people and the improvement in livelihood as a country in totality. Real development is when people's lives are changed for the better. Real development is when the citizens of the country are involved and actively participating in the process of changing their lives for the better.

This is a point we must remember in this workshop so that any deliberation in this workshop must not lose sight of the people. That this workshop is people focused, and issues and constraints discussed are people centered. Any conclusions and recommendations that are

arrived at, are targeted towards, and directed towards real improvements to peoples lives through various interventions.

Many a times, such workshops have become academic exercises and have remained in very general and ambiguous recommendations which could not be translated into real, and on the ground action for peoples lives to be touched and changed.

Many a times such workshops have been a talk fest of the elite and conference attenders who use big and complicated words which in the end create more stagnation to implementation, and at the end of the day there is no people improvement outcome.

One of the challenges of this workshop is to move away from very generalised big words, with very broad academic meanings which require interpretations to be made later on, and to get down to more targeted and focused recommendations for action.

Of course the action recommendations will fall under some development theme, but the crux of the outcome is that, the recommendations are pragmatic and action orientated.

For Papua New Guinea, the activity that will have the maximum development impact is agriculture as I have stated earlier, and the national intervention that will have real development impact is in rural development. As previously mentioned agriculture is the activity that will touch the lives of the majority of our people. Where the majority of the people are touched than development impact will be achieved

Generally, Papua New Guinea has on average, relatively good climate and good soils that is very conducive for agriculture. The people also have a well-established culture in agriculture with a recorded history of more than 10000 years of use of advanced agricultural practices and there is an established traditional affinity and attachment to agriculture that is relatively mature and integrated in the socio-cultural norms and values of the tribal societies.

In a modern sense, in pursuing national development, such established cultural values can be harnessed and mobilised in a positive way for new development interventions. That is an interesting area of consideration in this workshop as well, when deliberating on the various themes. That the role and influence of socio-cultural complexes in agriculture and rural development, must be addressed in utilising for development gains.

It is estimated that there is on average 12.9 million hectares of arable land available to Papua New Guinea. That is a massive amount of land. When considering land as one of the basic units of production or activity both for agriculture and rural development, 12.9 million does put Papua New Guinea in a comparative edge in natural endowment. That natural endowment is more than enough to underpin a major boost in economic development and achievement of social indicators. To achieve that the challenge lies in the management of such an asset to provide for development to take place.

The quality of the land is also such that most of our most important crops from staples to the major export crops and the alternative crops and vegetables can grow very well. Livestock can also be raised through good grazing land estimated at 300,000 hectares or from agricultural forage and other feed sources also from our agricultural endowment.

For the staples including the traditional staples, the country can be fully self sufficient with even just less than 1% of the arable land being cultivated. As mentioned the land and climate is such that Papua New Guinea has one of the best natural endowment for agriculture. Based on average land suitability for the major staples and mainstay crops, the natural endowment value for agriculture is estimated at 100 billion kina at this stage.

This confirms that agriculture alone can support the PNG economy, generating and sustaining an agriculture economy with very significant outcomes, and the flow on benefits to the PNG economy and social indicators will be positively enormous. That is why it is very important to stress that in the long term the minerals and petroleum resources will not be the sustainable option.

But the reality today is that, we are a long way off, and that is one of the challenges of this workshop, to set targets and time frames to achieve, and the management system to manage intervention to achieve that.

With an estimated population of 4.5 million people living in the rural areas dependant on agriculture for a living, there is no shortage of land on a national scale for farming both for subsistence and for commercial agriculture.

Although there are pockets of land pressure in locations of the country due to increasing population and land use intensification, on a national scale land is plentiful. The key intervention is that these people are given opportunities in cultivating the available land. If 4.5 million people get into meaningful cultivation, the impact and multiplying effect including spin-off businesses and services will be immense.

That is a possibility not overnight but over a national time frame. The biggest challenge remains to enable and empower the people to be meaningfully engaged in utilising their land in a sustainable way for development. Such a process involves a number of technology innovations as well as policy and statutory arrangements which address land utilisation and land tenure as well.

That is why, there are number of key interventions that must proceed from this workshop. These key interventions are to address some of the critical problems we have faced since independence. The intervention process must address issues related to the key units of production for agriculture and rural development.

The main intervention is the enabling process of guiding the people and providing direction to the country on agriculture and rural development through a select list of options and opportunities that are viable and will achieve optimum results based on proper study and unanimous acceptance by all stakeholders.

The other intervention is the unanimous acceptance by stakeholders as a key requirement to fulfill ownership. We can come out with bright ideas and clever strategies for action, but without reaching understanding and ownership by stakeholders, and unanimous national support, real outcome action will be lacking and such good ideas and strategies will remain in the academic arena only.

As I have said and will emphasize again, as a country we are blessed with relatively good soils and climate and national resources and a small population against plenty of land and resource availability. In that condition we have all the room to achieve much in agriculture and rural development. But real development will not happen until we make some right choices and selection of options.

Such decisions must be based on an overall criteria of achieving viability and sustainability. These are important parameters of development so every agriculture activity and enterprise can be profitable both in terms of net gain improvement in livelihood, and in net gain improvement in per capita wealth. Ultimately the activities and enterprises must provide for the on going needs for the present and into the future.

An important parameter in development, is the role of the state and its agencies. This is not to say that the government is the only key player and the only one responsible for development. What this says is that, Papua New Guinea is a modern statehood, and the role of state is a very important one as a critical enabling force in creating and sustaining development.

We see today that fundamental state services have collapsed or are about to collapse in providing the required intervention to support agriculture and rural development. Some of the main reasons are lack of clear vision, lack of management ability, lack of good governance and accountability, lack of relevance and focus in programme design and implementation strategy, and the lack of stakeholder participation in important corporate processes.

One of the challenges of this workshop is to assess the current role of state services in agriculture and rural development, and to define a more focused and targeted, as well as a more efficient and cost effective way of achieving results. Such a definition of the state role must be within the key premise that, the state intervention is only as good as the relationship and social equity it establishes with the constituents or people. That is because its final sustainable outcome is the ownership and national action by constituents.

In other words, the state must clearly define its role, as well the critical partnerships and linkages it must have with the private sector and civil society to achieve agricultural and rural development.

The other important development issue is the access to income earning opportunities. That is an important consideration because it addresses a vital attribute of poverty alleviation which is one of the key national development issues and one which is also generally accepted by donors and international agencies when looking at development assistance to PNG.

Access to income earning opportunities covers a whole range of issues from market opportunities, including consumption and demand, identifying market enterprises including crops and livestock and rural industries, developing efficient marketing arrangements including transport infrastructure and vending facilities, and market intelligence and management discipline.

The biggest challenge is to empower the participants and processes, and to create the enabling environment for market efficiency, and demand and supply to operate without undue impediments, and to ensure the income opportunities and net gains are achieved.

A key issue in this area, is that the workshop should seek to address gaps in market enhancement, and to define clearly roles and responsibility of state and civil society and private sector with the aim to improve market access and market efficiency for real net gains.

Again I want to say that as a country we have the biggest potential and opportunity to enhance our lives and the lives of our future generation through agriculture and rural development which are still our most critical and naturally available heritage and endowment.

The biggest challenge is; **management**. Creating a management system both for government and for private sector and civil society so that we can achieve real development where we all benefit now and for our future generation as well.

Management requires that **we develop a good plan**, that **we organise ourselves to implement the plan**, that **we take leadership to ensure the plan achieves its objectives**, and that **we exercise due control to achieve quality results and create sustainability**.

That is to me the most critical aspect of this workshop. We can articulate issues and constraints and opportunities, **but without a good management system** to address them and make things work towards development, it is all but strategic framework without action outcomes.

The challenge to this workshop in every deliberation is to bear in mind that all the conclusions and recommendations will have to be subject to a management process to achieve results. Therefore it is incumbent on both government agencies and private sector stakeholders and civil society stakeholders, to ensure strategies arrived at in this workshop are workable and implementable.

With those words I would like to say that I am most grateful to the World Bank and FAO for supporting NARI in organising this workshop, and I commend the NARI management and staff who have put a fine effort in organising this workshop.

I also thank the Secretary for Planning and Rural Development Mr. Philip Kikala for supporting this workshop and providing the proposed MTDS for deliberation. I also thank our Secretary for Agriculture & Livestock, Mr. Mathew Kanua, for supporting this workshop as well, and providing the National Agriculture Development Strategy for deliberation as well in this workshop. Both your participation is greatly honoured and will definitely enhance this workshop.

I would also like to thank the keynote paper presenters, namely; Sir Barry Holloway, Mr Brown Bai, and Mr Mike Manning for willingly taking the challenge to give us the direction to deliberate in the main theme areas. We are most grateful to your contribution and you are no doubt worthy of this role. Your contribution is a very important part of this exercise and will no doubt be remembered in many years to come.

For you private sector and civil society participants I would like to say that your participation as key private and civil society stakeholders today is very critical to the outcome of this workshop.

There is no unanimous Strategy for Agriculture & Rural Development without your involvement and ownership. Therefore we consider your participation critical to the national consensus and ownership for action. Let us make the outcomes of this workshop truly based on consensus and unanimous acceptance.

It now gives me the greatest pleasure to declare this Workshop Open.